

2-2400-8892-2

STATE OF MINNESOTA  
OFFICE OF ADMINISTRATIVE HEARINGS  
FOR THE DEPARTMENT OF PUBLIC SAFETY

In the Matter of the Discontinuance of  
Deputy Registrar No. 112, d/b/a  
The Auto Registry, Incorporated.

FINDINGS OF FACT  
CONCLUSIONS AND  
RECOMMENDATION

The above-entitled matter came on for hearing before Bruce D. Campbell, Administrative Law Judge from the State Office of Administrative Hearings on November 6, 1994, in Minneapolis, Minnesota. The hearing was continued to allow Deputy Registrar 112 to receive additional legal advice on the issue of self-incrimination. The hearing was reconvened on November 21, 1994, in St. Paul, Minnesota, before Bruce D. Campbell, Administrative Law Judge from the Minnesota Office of Administrative Hearings. The hearing concluded on that day.

Appearances: Jonathan C. Lewis, Strusinski & Associates, Attorneys at Law, Western Bank Building, 1740 Rice Street, Suite 280, St. Paul, Minnesota 55113, appeared on behalf of Deputy Registrar No. 112, d/b/a The Auto Registry, Inc.; and Steven H. Alpert, Assistant Attorney General, 525 Park Street, Suite 500, St. Paul, Minnesota 55103-2106, appeared on behalf of the Department of Public Safety.

The record of this proceeding closed on November 21, 1994, at the conclusion of the hearing.

This Report is a recommendation, not a final decision. The Commissioner of Public Safety will make the final decision after a review of the record which may adopt, reject or modify the Findings of Fact, Conclusions, and Recommendations contained herein. Pursuant to Minn. Stat. § 14.61, the final decision of the Commissioner shall not be made until this Report has been made available to the parties to the proceeding for at least ten days. An opportunity must be afforded to each party adversely affected by this Report.

file exceptions and present argument to the Commissioner. Parties should contact the Commissioner of Public Safety, 395 John Ireland Boulevard, St. Paul, Minnesota 55155, (612) 296-6642, to ascertain the procedure for filing exceptions or presenting argument.

#### STATEMENT OF ISSUES

The issues to be determined in this proceeding are whether cause exists to discontinue the appointment of the Auto Registry, Inc. as a deputy registrar of motor vehicles for the State of Minnesota, and, if so, whether the discontinuance of that commission is contrary to the public interest.

Based upon all of the proceedings herein, the Administrative Law Judge makes the following:

#### FINDINGS OF FACT

1. The Commissioner of the Department of Public Safety is the official registrar of motor vehicles for the State of Minnesota. As registrar, the Department of Public Safety receives monies from the public for the issuance of auto registrations, license tabs, license plates, and motor vehicle title transfers. Under the statutes, a system of deputy registrars has been established around the State of Minnesota to assist the Commissioner in discharging his functions as the motor vehicle registrar. Deputy registrars have been appointed pursuant to statute and rules on a geographic basis for the convenience of the public in obtaining service. A deputy registrar is entitled to a \$3.50 fee per transaction, which he or she collects from the member of the public requesting the transaction. Normally, a deputy registrar must make a daily transaction report to the State for the prior day's business and remit to the State the funds collected for the State on the prior day. A deputy registrar has a choice of making deposits directly to a state depository or placing the funds in his or her own depository and issuing a check to the State for its portion of the funds collected. As previously noted, the law requires a daily listing of transactions and remitting of funds on the next business day after the transactions.

2. It is important that the documentation issued by a deputy registrar on behalf of the State be accurate and free from mistakes. The documents issued by a deputy registrar are relied upon for property matters, security interests and law enforcement. Each license tab issued has a distinct serial number. If not properly recorded at license renewal, the police department would not have access to accurate vehicle registration data.

3. Deputy Registrar No. 112, The Auto Registry, Inc. is located at 1819 Lowry Avenue North in the City of Minneapolis. The Auto Registry, Inc. is the only deputy registrar serving the City of Minneapolis, other than the government registrars located in the Hennepin County Government Center. The Auto Registry, Incorporated has been a deputy registrar since 1984. Ex. 10. The principal owner of the Auto Registry, Gail Fedor, has been a deputy registrar since July of 1976. Ex. 9. The change from the deputy registrar commission being in the name of Gail Fedor to the Auto Registry, Inc. occurred in 1984 at the suggestion of an accountant. Ex. 10. The Auto Registry, Inc. is owned and operated by Gail Fedor and her son, Michael Fedor.

4. On or about December 29, 1993, K & K Enterprises, Inc. of Minneapolis presented four certificates of title for motor vehicles to Deputy Registrar No. 112 for transfer. K & K paid the appropriate fees to Deputy Registrar No. 112. Deputy Registrar No. 112 accepted the paperwork and stamped it with the date of the transaction, December 29, 1993.

5. Sometime at the end of 1993, the Auto Registry, Inc. moved its offices to a different part of the city. During the move, the documents presented by K & K to the deputy registrar were misplaced. It was not until early February of 1994 that the documents were relocated and sent to the State of Minnesota. When Gail Fedor noted that the certificates had been misplaced and then refound, she date-stamped "February 9, 1994" over the date-stamp of the original transaction.

had previously been placed on the four documents. The transaction was reported to the State as though the date of the matter was February 9, 1994, and Ms. Fedor accounted for the funds involved as though they had been received on February 9, 1994, rather than December 29, 1993.

6. On March 2, 1994, Ms. Fedor discussed the K & K Enterprises December 1993 transactions with an employee of the Department of Public Safety, Dennis Lecina. Ms. Fedor admitted to stamping over the December 1993 date-stamp on the certificates of title sent to the State of Minnesota with a date-stamp of February 9, 1994. Ms. Fedor admitted she did that rather than call the Department and report the loss so that they did not receive any sanction for the paperwork being submitted late.

7. The Department had other problems with Deputy Registrar No. 112, including unaccounted-for obsolete stickers, unresponsiveness to inquiries from the Department and some late deposits. The K & K transactions prompted the Department to perform a field audit on March 2, 1994. The audit was pre-announced so that the Fedors could be prepared to present the appropriate information to the Department employees about the work on hand. The field audit ultimately led to the discovery of irregularities regarding registration of tax exempt vehicles for the City of Minneapolis discussed in the following Findings.

8. On or about January 5, 1994, a representative of the City of Minneapolis, Gary Dahl, processed approximately 693 "prebills" by signing and dating them and giving them to Deputy Registrar No. 112 for processing. A prebill is the form or card that is sent out in advance of registration to the title holder, containing vehicle information and stating the amount of the tax to be paid.

9. On January 19, 1994, Deputy Registrar No. 112 informed Mr. Dahl that the paperwork for the 693 prebills had been processed and that the license tabs were ready. On or about January 19, 1994, Mr. Dahl went to Deputy Registrar No. 112 and presented a check from the City of Minneapolis in the amount of \$9,355.50 to Deputy Registrar No. 112 and received back 693 license tabs along with the customer's portion of the prebills. When he received the customer's portion of the prebills, they were date-stamped January 19, 1994.

10. On January 25, 1994, Mr. Dahl took an additional 79 prebills to Deputy Registrar No. 112 for processing. On January 31, 1994, he was notified that the registration stickers were ready for pickup. Mr. Dahl went to the offices of Deputy Registrar No. 112 on January 31, 1994, and gave them a check from the City of Minneapolis made out to Deputy Registrar No. 112 in the amount of \$9,355.50.

of \$1,066.50. He received back the 79 registration tabs and the applicable portion of the prebills which were date-stamped January 31, 1994.

11. The Dahls took the two checks from the City of Minneapolis and deposited them in the account of Deputy Registrar No. 112. The funds of the State stayed in the account of Deputy Registrar No. 112 from the date the checks cleared in January of 1994 until March 1 or 2, 1994.

12. Under the law, Deputy Registrar No. 112 was required to submit the funds paid to it by the City of Minneapolis, less \$3.50 per transaction, which it could retain as a service fee, the next business day after the date of the

transactions in January of 1994. The amount of the State's money wrongfully retained by the Fedors was in excess of \$7,000.

13. The Fedors were aware that they were under a legal responsibility to transmit to the State the next business day the funds that they had received from the City of Minneapolis, less their allowed commission. In spite of this knowledge, they retained all of the money and used it in the operation of their business until the impending announced audit made it necessary for them to cover the funds wrongfully withheld.

14. The Fedors wrote on each of the prebills the date "February 28, 1994". They reported to the State that the transactions had just occurred on February 28, 1994, and remitted the necessary funds to the State.

15. The son of Gail Fedor, Michael Fedor, admitted to Department employees finally that they had done this on other occasions with large checks.

16. The financial reporting of Deputy Registrar No. 112 in January and early February of 1994 was false in that they did not report the cash transactions and remit the appropriate funds in a timely fashion. Moreover, they inappropriately marked fictitious dates on over 770 official documents which they submitted to the the Commissioner of Public Safety.

17. The Auto Registry, Inc. is a small deputy registrar. Last year, it had approximately 13,000 transactions. It is, however, the only deputy registrar serving the City of Minneapolis other than registrars located in the Hennepin County Government Center. Moreover, if Deputy Registrar No. 112's commission is discontinued, no replacement deputy registrar may be appointed within the City of Minneapolis under the current rules of the Department because of territorial provisions in the rules.

18. Both K & K Enterprises and the City of Minneapolis continue to do business with the Auto Registry, Inc. Each submitted a letter stating that they hoped that Deputy Registrar No. 112's commission was not discontinued. Ex. A; Ex. B.

19. The Department has discontinued a deputy registrar for filing a fraudulent document of title. Moreover, deputy registrars have been discontinued for not forwarding appropriate money to the State.

20. The Department believes that the defalcations of the Fedors are serious in that fraudulent documents were submitted and monies were only paid to the State of Minnesota months late after a field audit. Ms. Fedor admitted operating her business on the State's money. She was only able to cover the

sums withheld by taking out a mortgage on a personal dwelling when the audit had been announced.

Based on the foregoing Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS OF LAW

1. The Commissioner of the Department of Public Safety and the Administrative Law Judge have jurisdiction in this matter pursuant to Minn. Stat. § 168.33 (1992) and Minn. Stat. § 14.50 (1992).



2. Timely notice of the hearing was given and the Department has fulfilled all requirements of law or rule.

3. Just cause exists to terminate the commission of the Auto Registry, Inc. to act as a deputy registrar of motor vehicles for the State of Minnesota.

4. The public interest does not require continuation of the commission of Deputy Registrar No. 112, d/b/a The Auto Registry, Inc.

5. Any Finding of Fact more properly termed a Conclusion, and any Conclusion more properly termed a Finding of Fact is hereby expressly adopted as such.

Based upon the foregoing Conclusions, the Administrative Law Judge makes the following:

#### RECOMMENDATION

IT IS THE RECOMMENDATION of the Administrative Law Judge to the Commissioner of the Department of Public Safety that he revoke the appointment of Deputy Registrar No. 112, The Auto Registry, Inc. as a deputy registrar, cause demonstrated.

Dated this 21st day of December, 1994.

s/ Bruce D. Campbell  
BRUCE D. CAMPBELL  
Administrative Law Judge

#### NOTICE

Pursuant to Minn. Stat. § 14.62, subd. 1, the agency is required to serve its final decision upon each party and the Administrative Law Judge by first class mail.

Reported: Tape Recorded.

#### MEMORANDUM

At the hearing, it became abundantly clear that the Auto Registry, Inc through its principal owner, Gail Fedor, deceived the State of Minnesota by issuing hundreds of false official documents. She and her son also converted over \$7,000 in funds which were owed to the State of Minnesota. The money was only paid back after it became apparent that a field audit would disclose that the Fedors had withheld the funds. It is only fortuitous that Ms. Fedor had the ability to mortgage a dwelling to pay back the State of Minnesota.

The Fedors do not dispute the facts as stated. They believe, however, that they provide a needed public service. It is their argument that the public would be unduly inconvenienced if their commission were revoked. The Administrative Law Judge rejects this argument. Initially, it should be noted that the Auto Registry, Inc. holds a position of trust by virtue of its appointment as a deputy registrar of motor vehicles for the State of Minnesota. It has the same fiduciary responsibility to the State of Minnesota as would an employee of the Department of Public Safety who was issuing documents and handling money owed to the State. It is beyond question that Auto Registry, Inc. has violated its fiduciary responsibility to the State of Minnesota; it does not deserve to hold a position of trust with the State in the future.

The Administrative Law Judge rejects the argument that dishonest persons must be maintained in their position for the good of the public. It is hard to determine how agents who issue fraudulent documents and convert funds serve the public interest. There are over 30 deputy registrars in the Twin Cities Metropolitan Area, as well as deputy registrars in the Hennepin County Government Center. Registration may also be accomplished through the main offices of the Department by mail. The Administrative Law Judge believes it is appropriate to revoke the commission of Deputy Registrar No. 112, d/b/a The Auto Registry, Inc. for the issuance of fraudulent documents and the conversion of state funds. That is in no way an inappropriate sanction or too severe a penalty for the actions of the Fedors. At the hearing, in his final argument, the attorney for the Registrar requested that the Administrative Law Judge recommend the sanction. The Administrative Law Judge believes that revocation alone is appropriate.

BDC

